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**Top 5 Recommendations for Qualified Home Owners, Buyers and Sellers**

Ann Arbor, MI April 1, 2009 – “There are five distinct strategies that can help home owners, buyers, and sellers successfully navigate today’s turbulent mortgage and housing markets,” said Gibran Nicholas, Chairman of the CMPS Institute, an organization that certifies mortgage bankers and brokers.

**#1 – Understand and Utilize the New Tax Credits**

Many home owners are not aware that the latest government stimulus package gives them a special tax credit of up to \$1,500 for making certain home improvements. Also, if you are buying a primary home and you have not owned a primary residence in the last 3 years, you may qualify for the new \$8,000 first-time-homebuyer tax credit. “Although you can’t use the credit to help with your down payment, the credit can be claimed on your 2008 tax returns if you buy the home in 2009,” Nicholas said. “This means that even if you buy the home after you file your taxes on April 15, you can simply file an amended 2008 tax return and the IRS will send you a refund check for \$8,000.”

**#2 – Consider Paying Points for Your Mortgage Transaction**

Mortgage “points” are upfront fees that you pay in order to lower your mortgage interest rate. One point is equal to 1% of the loan amount. “In the past, it almost never made sense to pay points in most situations where you were refinancing your mortgage,” Nicholas said. “However, enormous changes have taken place in the mortgage securitization process. Wall Street investors are demanding higher upfront fees for borrowers with credit scores below 740, and mortgage lenders don’t have as much flexibility when pricing loans. This means that the interest rate savings can be very significant when you pay upfront points.”

Visit the following link for a sample chart comparing points vs. no points for a typical situation involving a homeowner refinancing a \$200,000 mortgage:

<http://www.cmpsinstitute.org/pdf/CMPSArticle-PointsvsNoPoints.pdf>

“If you are buying a home, negotiate into your purchase contract for the seller to pay points on your behalf,” Nicholas said. “In addition to the significant interest and payment savings you will enjoy, you will also receive a tax deduction this year for points paid by the seller on your behalf. If you are selling a home, offer to pay points for potential buyers as part of your marketing efforts. This will make your home more affordable for potential buyers and help your listing stand out from the glut of available inventory in today’s market.”

### **#3 – Carefully Structure Your Real Estate Short Sale Transaction**

A real estate short sale is when a home owner sells their property for less than what they owe on the mortgage, and the lender gives their permission to do this by forgiving the difference and/or releasing the mortgage lien on the property. “Short sales are very common in many markets because of negative home owner equity due to the steep decline in house values,” Nicholas said.

“If you are selling your home as part of a short sale transaction, make sure to negotiate for a release AND full satisfaction of the mortgage from your lender. Depending on the laws of your state and your individual circumstances, lenders may be able to wait a year or two for you to improve your financial situation, and then file a deficiency judgment against you to try and recover the money that you still owe them. The only way for you to avoid this risk is to have the lender not only release the mortgage lien, but also agree in writing to a full satisfaction of the mortgage.”

If you are buying a home as part of a short sale, Nicholas advises you to take steps to make sure the deal is closeable. “It is estimated that approx. 30% of short sale listings are not closeable deals because the lender simply won’t approve it. In most of these cases that aren’t closeable, the first or second mortgage lender is expecting home sellers that have money to contribute something to the deal. One way to avoid getting caught up in the middle of this is to have your Realtor verify the status of the seller’s hardship package with their lender.”

### **#4 – Utilize the Special Options Available for Seniors Age 62 or Older**

“If you are 62 or older, you could use a reverse mortgage to buy a new home without making any monthly mortgage payments,” Nicholas said. “This is a fantastic opportunity if you are contemplating a move but are worried about trying to sell your current home into a down market. Additionally, reverse mortgages can be used to supplement your retirement income that may be declining due to unfavorable economic or financial market conditions.”

### **#5 – Carefully Interview Your Mortgage Professional**

With all the noise, confusion, fear and misinformation in today’s market, it is more important than ever for you to work with a Certified Mortgage Planning Specialist who has the training and experience to guide you through the home buying or refinancing process. The largest financial transaction of your life is far too important to place into the hands of someone who is not capable of advising you properly and troubleshooting the issues that may arise along the way. Here is a link to four simple questions your lender absolutely must be able to answer correctly:

[http://www.cmpsinsitute.org/public/shopping\\_mortgage](http://www.cmpsinsitute.org/public/shopping_mortgage)

For more information on these and other related topics, tune to Fox 2 Detroit for the Lunch Money Show featuring Gibran Nicholas along with news anchor Murray Feldman and other financial experts. The one hour show will air live today on TV and online at noon eastern time:

[http://www.myfoxdetroit.com/generic/money/lunch\\_money](http://www.myfoxdetroit.com/generic/money/lunch_money)

**About CMPS Institute:** CMPS is a training, examination, certification and ongoing membership program for financial professionals who provide mortgage and real estate equity advice. Recognized for its preeminence within the industry, the CMPS curriculum represents the core knowledge expected of residential mortgage advisors regardless of the diversity of specializations within the industry. Over 5,500 financial professionals have gone through the program since its launch in 2005. For more information or to find a certified professional near you, please visit [www.CMPSInstitute.org](http://www.CMPSInstitute.org) or call 888.608.9800.

**About Gibran Nicholas:** Gibran Nicholas is the Chairman and CEO of the [CMPS Institute](http://www.CMPSInstitute.org), a national organization that trains and certifies mortgage bankers and brokers. Gibran speaks and writes about economics, real estate and financial issues including the current mortgage and financial crisis. He has personally trained over 6,000 financial professionals across the country including CPAs, attorneys, financial planners, and mortgage lending professionals. Gibran regularly appears in national and local media outlets as a mortgage and financial expert, and he has inspired thousands with humility and easy-to-understand explanations of various mortgage, real estate, financial, and economic issues. Visit Gibran's blog at <http://gibrannicholas.com/>.

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